

**GOODWILL INDUSTRIES OF
ACADIANA, INC.**

Financial Report

Years Ended December 31, 2011 and 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 06 2012

TABLE OF CONTENTS

	<u>Page No</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3-4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9-15
SUPPLEMENTAL INFORMATION	
INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-22
OTHER SUPPLEMENTAL INFORMATION	
Departmental Schedule of Revenues and Expenses	18-19
Summary of Corrective Action Taken on Prior Year Findings	23
Schedule of Findings and Questioned Costs	24
Management's Corrective Action Plan	25



**Darnall, Sikes,
Gardes Frederick.**

(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Goodwill Industries of Acadiana, Inc
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Goodwill Industries of Acadiana, Inc (a nonprofit organization), as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Goodwill's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Acadiana, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 13, 2012, on our consideration of Goodwill Industries of Acadiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

2000 Kaliste Saloom Rd
Suite 300
Lafayette, LA 70508
Phone 337 232 3312
Fax 337 237 3614

1231 E. Laurel Ave
Eunice, LA 70535
Phone 337 457 4146
Fax 337 457 5060

1201 Brashear Ave
Suite 301
Morgan City, LA 70380
Phone 985 384 6264
Fax 985 384 8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone 337 893 5470
Fax 337 893 5470

Member of
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants
www.dsfcpas.com

Eugene H. Damall, CPA, Deceased 1990

E. Larry Sikes, CPA/PFS, CVA, CFPTM
Danny P. Frederick, CPA
Clayton E. Damall, CPA, CVA
Eugene H. Damall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA/PFS
J. Steven Gardes, CPA, CVA
Jennifer S. Ziegler, CPA/PFS, CFPTM
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeaux Bonin, CPA, CVA
Joan B. Moody, CPA
Erich G. Loewer, III, MTX, CPA, M.S. Tax
Lauren F. Hebert, CPA/PFS
Barbara Ann Watts, CPA
Craig C. Babineaux, CPA/PFS, CFPTM
Jeremy C. Meaux, CPA

Kathleen T. Damall, CPA
Dustin B. Baudin, CPA, MBA
Kevin S. Young, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Cecelia A. Hoyt, CPA
Blaine M. Crochet, CPA, M.S.
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA
Jacob C. Roberie, CPA
S. Luke Sonnier, CPA
Kyle P. Saltzman, CPA
Elise B. Fauchaux, CPA

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Goodwill Industries of Acadiana, Inc taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

April 13, 2012

GOODWILL INDUSTRIES OF ACADIANA, INC

**Statements of Financial Position
December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 377,331	\$ 491,085
Investment securities, at market	174,707	-
Accounts receivable	66,315	68,395
Inventory	192,049	204,332
Prepaid expenses	216,520	236,461
Due from Cadence	<u>23,443</u>	<u>-</u>
Total current assets	<u>1,050,365</u>	<u>1,000,273</u>
LAND, BUILDING, AND EQUIPMENT, net	<u>7,216,576</u>	<u>6,618,606</u>
OTHER ASSETS		
Other receivables	277,053	240,032
Deposits	<u>14,654</u>	<u>13,992</u>
	<u>291,707</u>	<u>254,024</u>
 TOTAL ASSETS	 <u>\$ 8,558,648</u>	 <u>\$ 7,872,903</u>

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 195,455	\$ 212,738
Payroll and related liabilities	153,971	152,964
Accrued expenses	151,556	129,853
Line of credit	-	43,000
Notes payable	764,857	-
Current maturities of long-term debt	249,722	318,444
Other liabilities	<u>27,791</u>	<u>44,217</u>
Total current liabilities	<u>1,543,352</u>	<u>901,216</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	<u>1,826,960</u>	<u>2,131,410</u>
	<u>1,826,960</u>	<u>2,131,410</u>
NET ASSETS		
Unrestricted	<u>5,188,336</u>	<u>4,840,277</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,558,648</u>	<u>\$ 7,872,903</u>

The accompanying notes are an integral part of these financial statements

GOODWILL INDUSTRIES OF ACADIANA, INC

**Statements of Activities
Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Revenue		
Contributed goods production	\$ 5,851,807	\$ 5,470,044
Evaluation and training services	77,327	146,177
Contracts	161,131	174,078
Special event revenue	67,667	76,534
Management services	153,288	139,604
Interest	-	289
Miscellaneous	<u>85,165</u>	<u>73,936</u>
Total unrestricted support and revenue	<u>6,396,385</u>	<u>6,080,662</u>
Expenses		
Contributed goods production	4,302,368	4,087,887
Evaluation and training services	282,236	464,488
Contracts	153,544	178,746
Management services	294,847	277,908
Support services		
Public relations/fundraising	266,342	270,624
Administration	<u>748,989</u>	<u>630,758</u>
	<u>6,048,326</u>	<u>5,910,411</u>
Change in unrestricted net assets	<u>348,059</u>	<u>170,251</u>
Change in net assets	348,059	170,251
NET ASSETS, beginning	<u>4,840,277</u>	<u>4,670,026</u>
NET ASSETS, ending	<u>\$ 5,188,336</u>	<u>\$ 4,840,277</u>

The accompanying notes are an integral part of these financial statements

GOODWILL INDUSTRIES OF ACADIANA, INC

Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 348,059	\$ 170,251
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	305,448	322,117
Unrealized loss on investment securities	3,063	-
(Increase) decrease in operating assets		
Accounts receivable	2,080	11,972
Inventory	12,283	(27,631)
Prepaid expenses	19,941	(125,552)
Other receivables	(60,464)	(19,021)
Deposits	(662)	(2,850)
Increase (decrease) in operating liabilities		
Accounts payable	(17,283)	136,193
Payroll and related liabilities	1,007	6,693
Accrued expenses	21,703	(22,482)
Other liabilities	<u>(16,426)</u>	<u>560</u>
Net cash provided by operating activities	<u>618,749</u>	<u>450,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(177,770)	-
Purchase of fixed assets	<u>(903,418)</u>	<u>(163,146)</u>
Net cash used by investing activities	<u>(1,081,188)</u>	<u>(163,146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(450,581)	(353,943)
Proceeds from issuance of long-term debt	<u>799,266</u>	<u>121,753</u>
Net cash provided (used) by financing activities	<u>348,685</u>	<u>(232,190)</u>
Net change in cash and cash equivalents	(113,754)	54,914
CASH AND CASH EQUIVALENTS, beginning of year	<u>491,085</u>	<u>436,171</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 377,331</u>	<u>\$ 491,085</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest	<u>\$ 141,515</u>	<u>\$ 142,999</u>

The accompanying notes are an integral part of these financial statements

GOODWILL INDUSTRIES OF ACADIANA, INC

**Statements of Functional Expenses
Years Ended December 31, 2011 and 2010**

	Contributed Goods Production		
	Retail	Salvage/ Transportation	Total
PAYROLL AND RELATED EXPENSES			
Salaries and wages	\$ 1,730,702	\$ 255,477	\$ 1,986,179
Payroll taxes	<u>146,811</u>	<u>21,457</u>	<u>168,268</u>
Total payroll and related expenses	<u>1,877,513</u>	<u>276,934</u>	<u>2,154,447</u>
OTHER EXPENSES			
Material purchases	75,754	-	75,754
Repairs and maintenance	104,725	29,429	134,154
Supplies	97,247	15,733	112,980
Professional fees and contracted services	209,055	8,424	217,479
Promotion and entertainment	2,950	-	2,950
Telephone	45,740	3,703	49,443
Utilities	129,029	10,345	139,374
Rent	193,563	734	194,297
Travel and agency	7,835	36,099	43,934
Janitorial expense	13,545	335	13,880
Dues, subscriptions, and licenses	57,488	8,835	66,323
Conferences and seminars	1,037	280	1,317
Interest	89,425	4,342	93,767
Office and miscellaneous	89,525	2,116	91,641
Insurance	279,423	44,748	324,171
Advertising	145	-	145
Donation of goods	15,190	-	15,190
Allocated administrative and other costs	<u>298,144</u>	<u>46,460</u>	<u>344,604</u>
Total other expenses	<u>1,709,820</u>	<u>211,583</u>	<u>1,921,403</u>
Total expenses before depreciation and amortization	3,587,333	488,517	4,075,850
DEPRECIATION AND AMORTIZATION	<u>188,239</u>	<u>38,279</u>	<u>226,518</u>
TOTAL EXPENSES	<u>\$ 3,775,572</u>	<u>\$ 526,796</u>	<u>\$ 4,302,368</u>

Evaluation, Training and Rehabilitation	Lawn Maintenance Contracts	Management Services	Support Services		Totals	
			Public Relations	Administration	2011	2010
\$ 175,426	\$ 79,029	\$ 265,177	\$ 154,932	586,976	\$ 3,247,719	\$ 3,136,894
<u>14,765</u>	<u>7,049</u>	<u>20,851</u>	<u>11,986</u>	<u>42,258</u>	<u>265,177</u>	<u>239,731</u>
<u>190,191</u>	<u>86,078</u>	<u>286,028</u>	<u>166,918</u>	<u>629,234</u>	<u>3,512,896</u>	<u>3,376,625</u>
-	-	-	-	-	75,754	93,676
5,407	11,865	-	65	28,829	180,320	183,859
12,492	19,994	-	4,984	27,838	178,288	148,384
25,200	8,271	-	950	27,125	279,025	316,038
-	-	-	-	-	2,950	1,725
4,381	1,022	-	1,698	9,025	65,569	84,228
6,974	313	-	-	18,367	165,028	163,086
-	-	-	3,674	1,200	199,171	202,209
2,086	11,947	-	8,182	31,235	97,384	88,885
712	-	-	-	1,401	15,993	16,058
1,028	2,161	1,533	-	7,265	78,310	80,012
494	60	-	415	3,031	5,317	23,241
-	7,641	-	-	40,107	141,515	142,999
7,229	531	-	246	28,482	128,129	113,536
5,875	15,772	7,286	24,094	173,065	550,263	517,194
-	-	-	51,431	-	51,576	21,732
-	-	-	-	200	15,390	14,807
<u>6,960</u>	<u>(28,042)</u>	<u>-</u>	<u>3,641</u>	<u>(327,163)</u>	<u>-</u>	<u>-</u>
<u>78,838</u>	<u>51,535</u>	<u>8,819</u>	<u>99,380</u>	<u>70,007</u>	<u>2,229,982</u>	<u>2,211,669</u>
269,029	137,613	294,847	266,298	699,241	5,742,878	5,588,294
<u>13,207</u>	<u>15,931</u>	<u>-</u>	<u>44</u>	<u>49,748</u>	<u>305,448</u>	<u>322,117</u>
<u>\$ 282,236</u>	<u>\$ 153,544</u>	<u>\$ 294,847</u>	<u>\$ 266,342</u>	<u>\$ 748,989</u>	<u>\$ 6,048,326</u>	<u>\$ 5,910,411</u>

The accompanying notes are an integral part of these financial statements

GOODWILL INDUSTRIES OF ACADIANA, INC

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Goodwill Industries of Acadiana, Inc (Goodwill) is a not-for-profit charitable organization. Goodwill provides rehabilitation services, training and employment for the handicapped, disabled, and disadvantaged located in the Southwest Louisiana area by receiving donated articles of clothing, furnishings, appliances, etc., which are processed for sale through their retail outlets. Directors of Goodwill receive no compensation of any kind.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Recent Account Pronouncements

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" ("SFAS 168") (ASC Topic 105). SFAS 168 establishes the FASB Accounting Standards Codification (the "Codification" or "ASC") as the single source of authoritative, nongovernmental generally accepted accounting principles ("GAAP"), other than guidance issued by the SEC. ASC does not change GAAP; it introduces a new structure for organizing GAAP and limits the hierarchy to two levels—authoritative and non-authoritative. ASC is effective for interim or annual financial periods ending after September 15, 2009. Goodwill Industries of Acadiana, Inc. adopted ASC beginning on September 15, 2009, and the principal impact on our financial statements is limited to disclosures as all future references to authoritative accounting literature will be referenced in accordance with the Codification. In order to ease the transition to the Codification, the Company is providing the Codification cross reference alongside the references to the standards issued and adopted prior to the adoption of the codification.

Income Taxes

Goodwill qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, Goodwill has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Land, Building, and Equipment

Land, building, and equipment purchased are recorded at cost while donated items are recorded at fair value. Goodwill's policy is to capitalize expenditures for these items in excess of \$1,500. Items below this threshold are expensed. Assets are depreciated using the straight-line method over their useful lives as follows:

Buildings and improvements	25 - 40 years
Equipment, furniture and autos	5 - 7 years

GOODWILL INDUSTRIES OF ACADIANA, INC

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Goodwill adopted SFAS No 116 (FASB ASC 958-605-25-2) "Accounting for Contributions Received and Contributions Made" thereby recording contributed goods at fair value at the date of receipt and recording related inventories in the Statement of Financial Position. Purchased inventories of saleable goods are stated at cost. Inventories are sold on a first-in, first-out (FIFO) basis.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 2011 and 2010 totaled \$112,948 and \$287,929, respectively.

Investments

Goodwill carries investments in mutual fund securities with readily determinable fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Bad Debts

Goodwill accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The effect of using this method approximates those of the allowance method.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GOODWILL INDUSTRIES OF ACADIANA, INC

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vacation and Sick Leave

Vacation is earned after one year of employment and is calculated based on a calendar year. Any current unused vacation can be carried over for use in the case of an extended illness. Upon separation, employees will be compensated for any unused vacation generated in the current year. However, extended illness leave will not be paid.

Sick leave with pay is earned at a rate of 40 hours per calendar year, commencing 90 days after employment. Sick leave may be accumulated only for use in an extended illness. No sick leave is payable to an employee upon separation. Accordingly, no accruals have been made for vacation or sick leave.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses for the years ended December 31, 2011 and 2010 totaled \$51,576 and \$21,732, respectively.

Subsequent Events

FASB issued SFAS No. 165, Subsequent Events (ASC 855) which establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through April 13, 2012, the date the financial statements were available to be issued.

NOTE 2 OTHER RECEIVABLES

Other receivables consist of premiums paid for split-dollar whole life insurance policies for several key employees.

NOTE 3 LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of the following:

	2011	2010
Land	\$ 1,761,014	\$ 1,629,514
Buildings and improvements	7,175,010	6,478,906
Equipment, furniture, and autos	<u>1,519,439</u>	<u>1,460,955</u>
	10,455,463	9,569,375
Less accumulated depreciation	<u>3,238,887</u>	<u>2,950,769</u>
	<u>\$ 7,216,576</u>	<u>\$ 6,618,606</u>

GOODWILL INDUSTRIES OF ACADIANA, INC

Notes to Financial Statements

NOTE 4 INVESTMENT SECURITIES

Investment securities at December 31, 2011 consists of mutual funds recorded at fair value as summarized below

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 177,770	\$ -	\$ 3,063	\$ 174,707

NOTE 5 FAIR VALUE DISCLOSURES

The provisions of SFAS No 157, *Fair Value Measurement* (ASC 820-10-05) clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing methods, discounted cash flow methodologies and similar techniques that use significant unobservable inputs

The Company has segregated all financial assets and liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below:

	Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3
<u>As of December 31, 2011</u>				
Investment securities:				
Mutual Funds	\$ 174,707	\$ 174,707	\$ -	\$ -

GOODWILL INDUSTRIES OF ACADIANA, INC

Notes to Financial Statements

NOTE 6 FINANCIAL INSTRUMENTS

The fair values of Goodwill's financial instruments are as follows

	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 377,331	\$ 377,331
Investment securities	174,707	174,707

Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate fair value

Investment securities – Fair values for investment securities are based on quoted process in active markets for identical assets (level 1) The carrying values of investment securities approximate fair values

NOTE 7 NOTES PAYABLE

On April 26, 2011, Goodwill Industries of Acadiana, Inc entered into a multiple advance business loan agreement in the aggregate principal amount of \$895,000 The original terms of the note stated an interest rate of 5.750% per annum, due date of October 26, 2011, and collateral consisting of real property and improvements The note due date was extended to January 26, 2012 and with an outstanding balance of \$764,857 as of December 31, 2011

NOTE 8 LONG-TERM DEBT (Continued)

	2011	2010
Note payable to AmSouth Leasing Corp , due March 7, 2017, payable in 119 monthly installments of \$12,913, including interest at 5.24% per annum, secured by real estate The final installment will be \$13,422, due at March 7, 2017	\$ 710,145	\$ 824,571
Note payable to Teche Federal Bank, due July 2014, payable in 59 monthly installments of \$5,434, including interest at 6.25% per annum, secured by a building The final installment will be \$487,322, due at July 20, 2014	564,210	592,697
Note payable to AmSouth Leasing Corp , due November, 2012, payable in 96 monthly installments of \$7,922, including interest at 4.77% per annum, secured by a building	-	177,984
Subtotals carried forward	\$ 1,274,355	\$ 1,595,252

GOODWILL INDUSTRIES OF ACADIANA, INC

Notes to Financial Statements

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following as of December 31

	<u>2011</u>	<u>2010</u>
Subtotals brought forward	\$ 1,274,355	\$ 1,595,252
Note payable to Ford Motor Credit, due October, 11, 2014, payable in 48 monthly installments of \$1,813, including interest at 4.89% per annum, secured by vehicle	\$ 57,457	\$ 75,913
Note payable to Ford Motor Credit, due May 22, 2016, payable in 60 monthly installments of \$705, including interest at 2.90% per annum, secured by vehicle	34,409	-
Note payable to AmSouth Leasing Corp., due June 2015, payable in 110 monthly installments of \$8,729, including interest at 4.84% per annum, and one final payment of \$6,881 secured by a building. During 2009, additional payments totaling \$69,070 were paid towards the principal balance	<u>710,461</u>	<u>778,689</u>
	2,076,682	2,449,854
Less current maturities	<u>249,722</u>	<u>318,444</u>
Net long-term portion	<u>\$ 1,826,960</u>	<u>\$ 2,131,410</u>

The maturities of long-term debt as of December 31, 2011 are as follows

	<u>Principal</u>	<u>Interest</u>
2012	\$ 249,723	\$ 105,407
2013	263,031	77,344
2014	740,614	65,545
2015	232,523	35,642
2016	238,766	6,310
Thereafter	<u>352,025</u>	<u>342</u>
Total	<u>\$ 2,076,682</u>	<u>\$ 290,590</u>

NOTE 9 CONCENTRATION OF CREDIT RISK

The majority of Goodwill's accounts receivable balance at December 31, 2011 and 2010 is comprised of amounts due from various state agencies

GOODWILL INDUSTRIES OF ACADIANA, INC

Notes to Financial Statements

NOTE 10 OPERATING LEASES

Goodwill has several operating leases for retail and administrative buildings. Rent expense associated with these operating leases during 2011 and 2010 totaled \$149,150 and \$123,000, respectively.

Future minimum lease payments required under these operating leases are as follows:

<u>2011</u>	<u>2010</u>
-------------	-------------

NOTE 11 SELF-INSURED EMPLOYEE HEALTH BENEFITS

Goodwill provides health benefit coverage to full-time participants and their beneficiaries and covered dependents. Funding is provided monthly by contributions from Goodwill and employees for basic coverage. Health costs incurred by participants and dependents are partially covered by "stop loss" insurance contract. Under the contract Goodwill's net claim limit per covered person is \$75,000 and the maximum limit of liability for all covered persons is \$1,000,000.

NOTE 12 LINE OF CREDIT

Goodwill Industries of Acadiana, Inc. has an available line of credit of \$115,000 as of December 31, 2011. The line is secured by cash balances held in accounts at the financial institution. Amounts borrowed under this agreement bear interest at a rate of 3.25%, per annum. The balance outstanding on the line as of December 31, 2011 and 2010 was \$0 and \$43,000, respectively.

NOTE 13 SUBSEQUENT EVENTS

On January 19, 2012, the note payable, as described in Note 4, was refinanced in the principal amount of \$818,234, due January 19, 2017, payable in 59 monthly installments of \$9,016, and one final payment of \$477,297, including interest at 5.75% per annum, and secured by real property and rents.

As of April 1, 2012, Goodwill no longer provides self-insured health insurance coverage to its participants and their beneficiaries. Effective April 1, 2012, Goodwill has entered into a contract with a major insurance provider to provide group health insurance coverage to qualifying employees.

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS



Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Goodwill Industries of Acadiana, Inc
Lafayette, Louisiana

We have audited the financial statements of Goodwill Industries of Acadiana, Inc (a nonprofit organization), as of and for the year ended December 31, 2011, and have issued our report thereon dated April 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Goodwill Industries of Acadiana, Inc's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Goodwill Industries of Acadiana, Inc's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Eugene H. Darnall, CPA, Deceased 1990

E. Larry Sikes, CPA/PFS, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA/PFS
J. Steven Gardes, CPA, CVA
Jennifer S. Ziegler, CPA/PFS, CFP™
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeaux Bonin, CPA, CVA
Joan B. Moody, CPA
Erich G. Loewer, III, MTX, CPA, M.S. Tax
Lauren F. Hebert, CPA/PFS
Barbara Ann Watts, CPA
Craig C. Babineaux, CPA/PFS, CFP™
Jeremy C. Meaux, CPA

Kathleen T. Darnall, CPA
Dustin B. Baudin, CPA, MBA
Kevin S. Young, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Cecelia A. Hoyt, CPA
Blaine M. Crochet, CPA, M.S.
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA
Jacob C. Roberie, CPA
S. Luke Sonnier, CPA
Kyle P. Saltzman, CPA
Elise B. Fauchaux, CPA

2000 Kaliste Saloom Rd
Suite 300
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Ave
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Ave
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

Member of
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants
www.dsfcpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Goodwill Industries of Acadiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, federal awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore, its distribution is not limited.

Dannall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

April 13, 2012

OTHER SUPPLEMENTAL INFORMATION

GOODWILL INDUSTRIES OF ACADIANA, INC

Departmental Schedule of Revenues and Expenses
Year Ended December 31, 2011

	Contributed Goods Production		
	Retail	Salvage/ Transportation	Total
REVENUES	\$ 5,021,720	\$ 830,087	5,851,807
EXPENSES	<u>3,587,333</u>	<u>488,517</u>	<u>4,075,850</u>
Income (loss) before depreciation and amortization	1,434,387	341,570	1,775,957
DEPRECIATION AND AMORTIZATION	<u>188,239</u>	<u>38,279</u>	<u>226,518</u>
NET INCOME (LOSS)	<u>\$ 1,246,148</u>	<u>\$ 303,291</u>	<u>\$ 1,549,439</u>

Evaluation, Training and Rehabilitation	Lawn Maintenance Contracts	Management Services	Support Services		Totals
			Public Relations	Administration	
\$ 77,327	\$ 161,131	\$ 153,288	\$ 67,667	\$ 85,165	\$ 6,396,385
<u>269,029</u>	<u>137,613</u>	<u>294,847</u>	<u>266,298</u>	<u>699,241</u>	<u>5,742,878</u>
(191,702)	23,518	(141,559)	(198,631)	(614,076)	653,507
<u>13,207</u>	<u>15,931</u>	<u>-</u>	<u>44</u>	<u>49,748</u>	<u>305,448</u>
<u>\$ (204,909)</u>	<u>\$ 7,587</u>	<u>\$ (141,559)</u>	<u>\$ (198,675)</u>	<u>\$ (663,824)</u>	<u>\$ 348,059</u>

See independent auditor's report

GOODWILL INDUSTRIES OF ACADIANA, INC

**Summary of Corrective Action Taken on Prior Year Findings
Year Ended December 31, 2011**

There were no prior year findings noted, therefore, no response is deemed necessary

GOODWILL INDUSTRIES OF ACADIANA, INC

Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on Goodwill Industries of Acadiana, Inc 's financial statements as of and for the year ended December 31, 2011

Significant Deficiencies - Financial Reporting

There were no significant deficiencies or material weaknesses in internal control noted during the audit of the financial statements

Material Noncompliance or Other Matters-Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2011

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no reportable conditions or instances of material noncompliance noted during the audit

Part III Findings and Questioned Costs Relating to Federal Programs

At December 31, 2011, Goodwill Industries of Acadiana, Inc did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable

GOODWILL INDUSTRIES OF ACADIANA, INC

**Management's Corrective Action Plan
Year Ended December 31, 2011**

No current year findings were noted, therefore, no response is deemed necessary